OKLAHOMA

CURRENT FARM ECONOMICS

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On the Cover

Onions grown at the Oklahoma Vegetable Research station, Bixby, bring smiles—not tears. A young resident of Bixby compares a new, home-grown Globe variety, the San Joaquin, left, with the Crystal White Wax, Yellow and White Valencias (home-grown), and Yellow Valencia (commercial). The San Joaquin, planted this year, develops fast and is very sweet. Oklahoma Agricultural Experiment station horticulturists believe it will be better than the common Yellow Valencia.

Current Farm Economics

OKLAHOMA

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Which Farm Cost Dollar Goes Farthest?

(Editor's Note: Dr. F. L. Underwood of the agricultural economics department has written a timely article dealing with the "elasticity" of the farmer's dollar. In it he points out that supplies and equipment, fertilizer, and feed are relatively cheap. Seed, hired labor, building materials, and machinery are relatively high priced (but good seed is a profitable investment.) He suggests that a farmer contemplating expansion would do well to put his money into appropriate fertilizers, feed, and supplies for increased rates of production of crops and livestock, rather than expansion of acreage or numbers of livestock.)

Prices received by United States farmers for their products have risen steadily and rapidly for eight years. At no previous time in the history of our agriculture has so great a rise occurred for so long a time. Profits have been easy to make because the prices paid by farmers for commodities used in production and family maintenance lagged behind the rise in prices received (Figure 1). This relationship has held true in every major price rise in our national experience. The rise in the four-year period 1916-19 was also characterized by lagging costs and increased profits. In such periods, costs are partially forgotten. The emphasis is placed on expansion rather than on efficiency or economy.

A decline in prices refocuses attention on costs, because these remain relatively high, lagging behind prices on the way down even as they did on the way up. In the price decline of 1920 and again in 1930-32, costs remained relatively high and farmers had a hard time making a profit. When prices fall again, the same is likely to be true. The downturn in the general farm price level in the first half of 1949 has stopped the recent prolonged rise. This downturn, so far, has been accompanied by a much smaller decline in prices paid by farmers. If it continues, the gap between prices received and prices paid will close up and profits will tend to disappear.

Whether or not a serious depression is at hand similar to that which occurred in 1920-21, it is evident that United States farmers in the immediate future may expect a less favorable relationship between the prices paid for cost items and the prices received for their products than they have had in the recent past. In this adjustment period, they will be more concerned than usual about which dollar spent for costs brings in the greatest return. Insofar as one cost

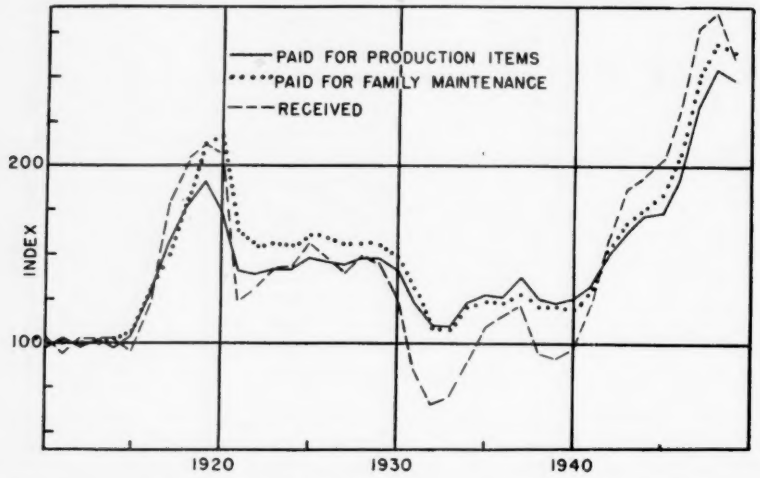

FIGURE 1.—Index numbers of prices received by United States producers for farm products, and prices paid for commodities used in production and family maintenance, 1910-1949. (1949 Preliminary. 1910-14=100.)

factor may be substituted for another, they may exericse some choice in the matter of which cost items to use most and which to try most to avoid, because not all cost items change alike in price.

In the period 1941-48, wages paid to farm labor in the United States more than trebled (Figure 2). What had been a $2.50 farm hand just before 1941 cost $8.50 a day in 1948, if he could be found. In some areas the increase was greater than this amount. The steepest part of the rise in farm wages occurred before 1946. Up to that time, prices of machinery and farm building materials had risen only moderately and farmers made frantic efforts to replace labor with ingenious homemade equipment, purchased machines, and structural devices. After wartime restrictions were eased and industrial labor strikes had somewhat subsided, many farmers bought new machines and erected new buildings, but at much higher costs than would have been incurred at the earlier prices if such items had been available.

The belated increases in the costs of farm building materials and machinery are becoming matters of increasingly serious concern to farmers. The relative advantage of using these things to save labor has diminished, particularly in view of the uncertainty of any further rise in the prices of farm products. Preliminary figures for the first half of 1949 indicate that both farm wages and the costs of farm building materials have declined slightly, but that both are still

much higher relative to prewar levels and have declined less than the prices of farm products. Machinery shows a further marked increase, having overtaken farm-product prices.

Seed is another item of cost that has risen much more than the prices of farm products (Figure 3). Seed is also a farm product. It is high enough in price to encourage farmers to harvest for their own use or for sale any appreciable quantities of good seed which their farms produce.

Part of the increase in seed cost is offset by the fact that better seed is now available than formerly. This is particularly true of hybrid corn, improved small grains, and better grasses and legumes. The use of hybrid seed corn in Oklahoma, for example, has increased from about 2 percent of the acreage in 1940 to 54 percent in

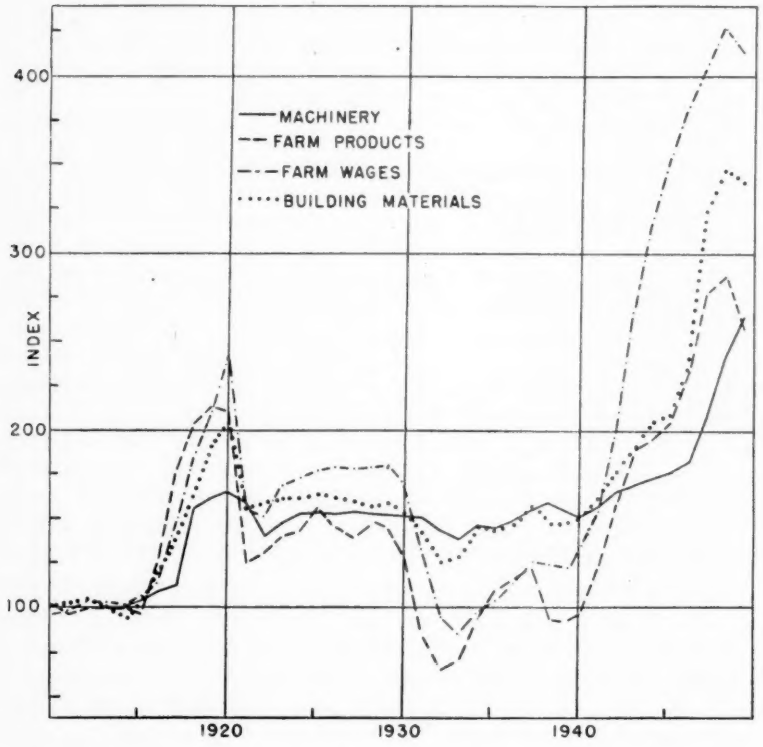

FIGURE 2.—Index numbers of prices received by United States producers for farm products, and prices paid for building materials, machinery, and farm wages, 1910-1949. (1949 Preliminary. 1910-14=100.)

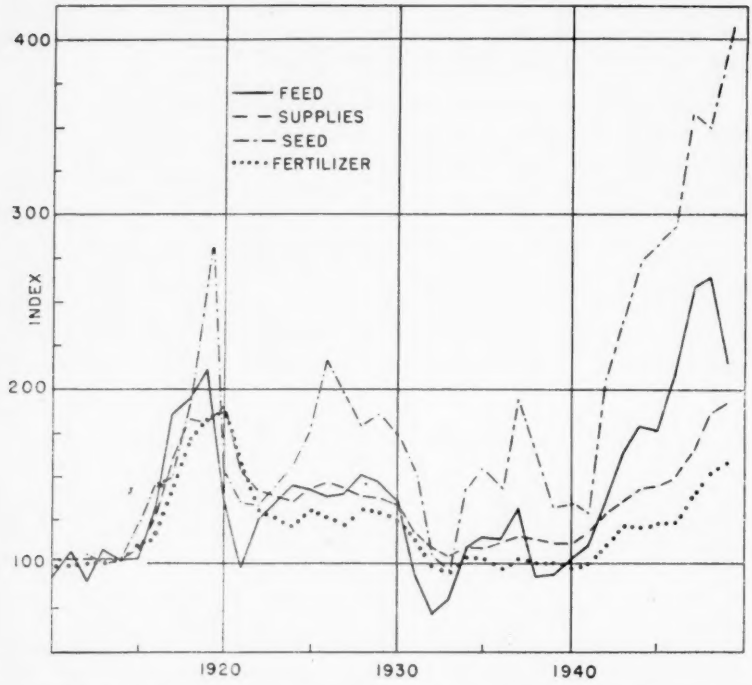

FIGURE 3.—Index numbers of prices paid by United States farmers for seed, supplies and equipment, feed, and fertilizer, 1910-1949. (1949 Preliminary. 1910-14=100.)

1948 and an estimated 57 percent for 1949. In the past two years, hybrid seed corn has cost the Oklahoma farmer about twice as much per bushel as open pollinated seed, or $10.50 as compared to $5.25. If one bushel plants 7 acres, the cost per acre is increased about 75 cents. Only a slight increase in yield would more than recover the increased seed cost. Improved varieties of alfalfa seed have cost 10 to 11 percent more than common alfalfa seed in the last two years.

Although seeds are much higher in price than formerly, they represent a small proportion of the total cost of farming. When purchased seed is necessary, it may be poor farm management to economize on the cost per bushel or pound. As high as labor and equipment are in price, it is probably better economy to use the best seed available and give it the best possible chance to produce. This means planting on adapted soils that have been tested and put in proper chemical as well as physical condition, adequately fertilized, and protected from erosion, insect pests, and diseases.

The relatively low cost of fertilizers in comparison to other items farmers have to buy for production makes it feasible for farmers to try to get the most possible production out of each dollar's worth of high-priced seed they have to buy. The comparatively low cost of supplies and equipment, which include fuel and oil for tractor operation as well as chemicals for insect and disease control, also favors adequate seedbed preparation and proper care of seedings, whether hay, pasture, small grains, or cultivated crops. These things are much cheaper than machinery, buildings, or labor; they are still cheap in relation to the prices of farm products; and they can be used to advantage in making the high-priced seed dollar go farther.

Another item of cost that has not risen markedly in price in comparison to farm products is feed. Since most of the feed items bought represent domestic farm products plus a certain amount of processing of commercially prepared feeds that account for roughly 60 percent of the total feed purchased, the movement of feed prices in the United States resembles closely the movement of farm-product prices. In relation to other cost items and in relation to livestock prices, feed is cheap enough to encourage farmers to do a good job of feeding.

Among the entire list of major items that farmers buy for use in production, it appears that supplies and equipment, fertilizer, and feed are relatively cheap, whereas seed, hired labor, building materials, and machinery are relatively high priced. In view of the high price of seed and the uncertainty of higher prices for farm products, a farmer contemplating expansion of his business would do well to consider whether a physical expansion of acreage or numbers of livestock would be more feasible than an expansion in the form of increased rates of production of crops and livestock. A physical expansion may require more machinery, labor, or building materials, while increased production may be achieved through the more liberal use of appropriate feed, fertilizers, and supplies. In the latter case, investment in machinery and buildings may be more strictly limited to those replacement items necessary for saving high priced labor or to salvage a valuable product—such items as can be paid for now and whose cost can be quickly recovered in the savings or higher quality production they make possible.—**F. L. Underwood.**

The Agricultural Situation

GENERAL

Demand

Practically all business indicators are moderately pointed downward as postwar adjustments continue to be made. Are prices going to decrease below that level considered to be dangerous to the economy? The answer depends in part upon the concerted action of business men, consumers, and laborers and in part upon the international situation.

The present trend of events apparently indicates that people in general may be discounting the present in terms of the future. In other words, it is not necessarily the favorable outlook for the coming few months that is determining their actions, but rather it is the uncertain outlook for a somewhat longer period. In this longer period they do not expect foreign aid to continue at current rates. Consequently, they expect prices to readjust at a somewhat lower level. These expectations are subject to modification or complete reversal at any time depending upon the trend of current events, opinions, or actions of the majority of the population. It is the extreme flexibility of these opinions, together with the mass reaction to them, which has permitted the sudden change from favorable to the less favorable economic situation existing at the present time.

Only a few months ago our economy was operating at peak capacity and little concern was expressed about the possibility of decreasing prices, except for the supply and demand adjustments for particular commodities. The change in current attitudes has turned business action in the direction of decreasing inventories to minimum levels and consumer action in the direction of waiting to see if prices will not decline even further.

At the present time manufacturers and processors are using a comparatively large quantity of raw materials, but they have decreased actual purchases of raw materials much below their current use in order to reduce inventories. The effects of decreasing inventories, plus a slightly decreased demand, have a cumulative effect on the raw material producers. They must slow down, or almost stop production of raw materials, until the time when inventories cannot be reduced further and purchases again approximate the volume for current use. Unemployment in the raw materials industries is a natural result of this adjustment to a decline in inventories.

Manufacturers cannot continue the reduction of inventories indefinitely. Sooner or later these inventories must reach a practical minimum, and new orders for raw materials again will be made in line with current consumption. A few industries, such as the textile industry, probably have most of their adjustments behind them while other industries, such as the automobile industry, have just started their adjustments.

These adjustments are probably healthy for the total economy because they insure that business will attempt to decrease costs, increase efficiency and productivity, and will maintain adequate though not excessive inventories. Consumers will benefit from somewhat lower prices and perhaps higher quality of purchases. However, some business firms whose success has depended upon an increasing price level will suffer from the increased competition and will not be able to continue operation. Unemployment, or the reallocation of workers in these industries, might be very serious in the particular area.

It must be remembered that the adjustments currently in process are based primarily upon the domestic and foreign demand situation and could change quickly. A sudden change in the international situation which would require a material increase in foreign aid expenditures would have an inflationary effect on the domestic price outlook. Conversely, a material decrease in those expenditures would have a depressing effect on the domestic price outlook. Since these developments are unpredictable, each individual must speculate on the probable outcome and govern his actions accordingly, but he must revise his estimates frequently on the basis of current information.

The position of the following economic indicators shows the high level of business activity existing at the present time: *

1. Industrial production in May 1949 was 174 percent of the 1935-39 base period, but was down 3 percent from April and down 9 percent from May 1948. The sharp reduction in the production of steel and other durable goods was responsible for a large part of the decrease. Industrial production remains high but will decline further in the event that widespread strikes are called by workers in the steel, coal, and automobile industries at the end of the 60-day grace period.

2. Civilian employment of 58.7 million persons in May was the same as in May a year earlier, while the total civilian labor force has increased by 1.6 million to 62.0 million persons for the same period. Unemployment increased to 3.3 million persons in May and increased further in June. However, compared with prewar years, unemployment is low both in absolute numbers and in relation to the total labor force.

* **The Demand and Price Situation, U. S. D. A., B. A. E., June 1949, p. 2.**

3. Department store dollar sales for the first 5½ months of 1949 have decreased about 4 percent compared with the same period last year. By contrast, total retail sales in May were approximately the same as in May 1948.

4. Personal income in April totaled 213.7 billion dollars, which was 0.9 billion less than in March but 5.1 billion greater than in April 1948.

5. Total business inventories decreased 1.2 million to 53.6 million dollars in April. Decreasing inventories were reported for manufacturers, wholesalers, and retailers. However, most of these inventories are larger than in April a year earlier.

Price

The index of prices received by Oklahoma farmers decreased 3.8 percent from May to 257 percent of the 1910-14 base period in June, while the index of prices paid by farmers in the United States remained unchanged at 257 percent of the base period. Thus, the index of purchasing power, or parity ratio of Oklahoma agricultural commodities, decreased to 100, the lowest level since April 1945.

By commodity groups, price decreases were reported for each group in June compared with the prices of the previous month (Table I). The largest decline occurred in the prices of grains, while the smallest decline occurred in the prices of cotton and cottonseed. At least a part of the decrease in the prices of grains in June can be attributed to the normal seasonal price decline which usually occurs with the peak in harvesting of the new crops.

Compared with June 1948, the current index of prices received by farmers has decreased 16.0 percent, with grains and dairy products suffering the largest price declines. By contrast, the prices of chickens and eggs are down only 4.9 percent from June a year earlier.

Table I.—Percentage Changes in June Prices from Prices in Selected Months by Commodity Groups: Oklahoma.

Commodity Group	From June, 1948	From May, 1949
All Commodities	—16.0	— 3.8
Total Crops	—17.0	— 4.1
Grains	—20.9	—11.3
Cotton and Cottonseed	—15.3	— 0.8
Misc. Crops	—13.3	— 5.9
Total Livestock and Livestock Products	—14.2	— 2.8
Meat Animals	—13.6	— 1.6
Dairy Products	—23.9	— 5.2
Chickens and Eggs	— 4.9	— 7.0

These price declines are comparatively large and indicate that considerable adjustment has been completed for agricultural commodities.

Income

In the first half of 1949, cash receipts from farm marketings were approximately 12 billion dollars, or 6 percent less than the marketings during the first half of 1948. Lower prices and the same or higher costs probably have decreased the net income by a slightly larger percentage.

The comparatively large crops now in prospect are likely to push the prices of farm products somewhat lower over the next few months. Unless the physical volume of marketings is sufficient to offset these price declines, the farmers' gross income will continue at a level below 1948.—**Leo V. Blakley.**

CROPS

Cotton

The U.S.D.A. Crop Reporting Board estimated 26,380,000 acres of cotton were in cultivation July 1, 1949. This was 3,270,000 acres, or 14 percent, more than the estimated acreage of cotton in 1948. The estimated acreage in Oklahoma was 1,229,000 acres compared to 1,069,000 acres in 1948. The largest increase in acreage in any state was in Texas, which had an estimated increase of 1,607,000 acres in 1949 compared to 1948. The increase in Texas accounts for nearly half the increase in the United States.

Domestic cotton consumption in May was at the very low level of 580,000 bales compared to 785,500 bales in May, 1948. Exports were comparatively high in April (the latest report available), totaling 591,000 bales compared to 155,000 bales in April 1948. Domestic consumption and exports totaled 1,188,000 bales in April 1949 compared to 985,000 bales in 1948, or about 20 percent more. Current domestic consumption is at a low level in view of the current level of prosperity and in spite of increased rayon production. Moreover, it appears that inventories of finished cotton goods are being depleted, and domestic consumption likely will increase in August or September

The developments affecting exports very likely will have more effect on the demand for cotton, however, than increases in domestic consumption. The "dollar shortage," arising partly from the failure of the United States to import as much as they export, is an important factor in holding down exports of cotton. It is not clear now whether exports will increase or decrease.

A large crop of cotton is generally expected but insect and weather hazards may prevent its production. Record boll weevil infestations are reported for several sections. While production controls are commonly expected for 1950, large exports and a small production could prevent production control measures next year.

About 5,271,000 bales, or over one-third of the 1948-49 crop, were placed in the CCC loan. About 3,896,000 bales have not yet been redeemed, and most of that will be carried over under the loan program.

The 1949-50 base loan rate will be 90 percent of parity as of August 1, 1949, and probably around 29 cents. Loans on the 1949-50 crop will be available until May 1, 1950, and mature July 31, 1950, or can be called earlier. The loan premiums and discounts announced recently are closer to the current market premiums and discounts on higher grades and longer staples. Unless a change in their relationship occurs, longer staples and higher grades likely will tend to enter the loan again this season, and short staples and low grades will tend to be sold on the market.—**John D. Campbell.**

Watermelons

On June 1, 1949, the Bureau of Agricultural Economics estimated the acreage of watermelons in Oklahoma to be somewhat greater than last year. The United States acreage is also above last year.

Because the total production will probably be as large or larger than a year ago, and consumer demand is slightly weaker, prices farmers will receive probably will average somewhat lower than a year ago.—**James R. Enix.**

Wheat

From its earlier prospects of record size, the Oklahoma wheat crop declined to an estimate of 89,609,000 bushels on July 1. This was a drop of 19,245,000 bushels from the record June 1 estimate. Even at that, however, the production as of July 1 is third highest for the state. The largest production was 104,734,000 bushels in 1947, while the 1948 crop was second with 98,962,000 bushels.

This and similar drops in other parts of the winter wheat section have lessened the problems expected to occur with an excessively large wheat supply. Previously, both acreage allotments and marketing quotas were expected; at present, marketing quotas are out although acreage allotments are still planned.

The International Wheat Agreement was approved by the senate of the United States on June 13. Since that time the agreement has been placed into effect, and there is some added stability to the prospective foreign demand for wheat in the next few years.

As a result of the smaller winter wheat crop, the market is somewhat stronger than previously expected. However, loan or price support programs are expected to have an influence on the wheat market. In earlier years of the loan program such as 1938-39 and portions of the next four years, wheat prices were, in many cases, below the loan value (Figure 4). From mid-1942-43 until the beginning of the 1948-49 crop year, the price of wheat was above the loan prices. In some cases it was held down by ceiling prices. Within recent years, therefore, the loan value apparently had no effect on the markets until the past crop year. This price situation of the past crop year is likely to be with us for some time in the future.

At present, the farmer does not know what to expect of national agricultural policy, and in turn, its effect on him. The wheat farmer

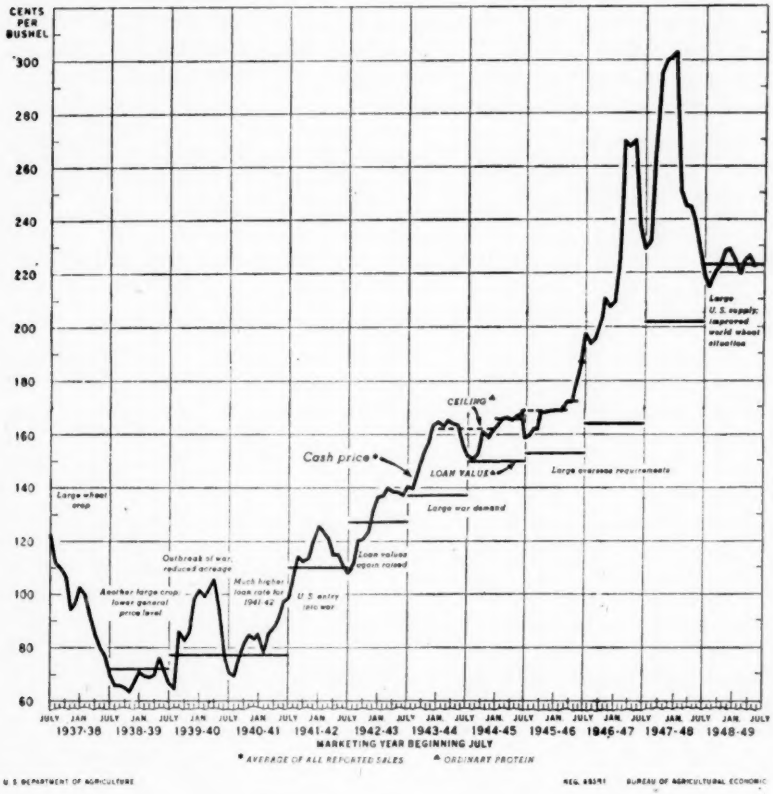

FIGURE 4.—Cash price, loan value, and ceiling of No. 2 hard winter wheat at Kansas City, 1937-49.

might have read stories in the newspaper during the June-July period which would have given him the idea that (1) the Aiken bill would be the basis of agricultural policy, (2) The Brannan plan would be in use, and (3) there will be merely an extension of legislation now in effect. This uncertain situation, of course, makes even more difficult any type of planning or forecasting by the wheat farmer.—**Adlowe L. Larson.**

FEED

Prospects for United States feed supplies for the 1949-50 feeding season remain generally favorable. The oats crops was forecast July 1 at 92 percent of that of last year. On the same date, corn acreage was reported to be equivalent to that of 1948, with condition better than average, owing to favorable planting conditions in the cornbelt and satisfactory early development. The barley crop was forecast at 23 percent below last year's total mainly because of smaller acreage. With average weather, feed grain supplies would approach last year's record because of the large carryover.

Prices of feed grains in the next few months will be influenced by (1) the supply, depending partly upon weather conditions for the remainder of the season, (2) the general price level, (3) slightly lower government loan rates on 1949 feed grains, (4) prospective increase in feed requirements resulting from increasing numbers of hogs and poultry, and (5) any further decline in the general demand for farm products from the earlier postwar level.

The Bureau of Agricultural Economics of the U. S. Department of Agriculture indicates that 70 to 75 percent of all the concentrates fed to livestock in the United States is made up of homegrown grain fed on the farms where it was grown. The remainder is composed of purchased feeds, which have increased in importance since before the war.* This report also indicates that 58 percent of the commercially-prepared feeds in 1947 were for poultry and 28 percent for dairy animals, the two together accounting for 86 percent.

The major portion of this feed was used in relatively large commercial dairy and poultry establishments which are concentrated in the northeastern quarter of the United States, and around the larger cities of the interior and the Pacific and Gulf coasts. A much larger proportion of the concentrates fed in other areas is represented by homegrown grains. The supply available for use in Oklahoma, for example, is largely dependent on local production, although prices may be determined mainly by the national situation.

*The Feed Situation, FDS 109, p. 12, June 1949.

As of July 1, Oklahoma's prospective 1949 crops of oats, corn, and barley were estimated at 97, 92, and 87 percent, respectively, of the 1948 production, and the acreage of sorghums for all purposes at 91 percent. This would provide a supply only slightly below that of last year. Hay production was estimated at 20 percent more than the 1938-47 average and only 8 percent below the 1948 figure, in spite of reduced acreages of alfalfa and peanuts. The prairie hay crop was estimated at 548,000 tons, or 7 percent larger than last year. The combined acreages of mungbeans, cowpeas, and soybeans were estimated at 3 percent below those of 1948. Pasture conditions continue to be better than usual because of favorable weather.

Prices of animal and marine protein feeds remain higher than a year ago and relatively higher than other comparable feedstuffs, but the stocks and output of domestic vegetable proteins, mainly soybean, cottonseed and linseed cakes and meals were, on May 1, running about 16 percent more than last year, with prices averaging 20 to 30 percent lower. Prices paid by United States farmers for soybean meal in May averaged $4.17 per hundredweight as compared to $5.12 in May 1948. Soybean meal accounts for more than one-half of the combined domestic output of cottonseed, linseed, peanut and soybean cakes and meals. Although the prospect is for a reduced soybean crop in 1949, the supply of soybean meal in the next few months will come from previous crops, as crushings from the new crop ordinarily do not become available for feeding until late in the feeding season.—**F. L. Underwood.**

LIVESTOCK AND LIVESTOCK PRODUCTS

Beef Cattle

Commercial production of meat this year has been only slightly larger than in the same period of 1948. Consumption per capita for the larger population during the first half of this year has been estimated as one-half percent less than a year earlier. Production estimates reveal that the remainder of 1949 will exceed the previous year's level by a larger percentage than in the first half. Output is expected to receive its greatest boost during the fall as hogs from the larger spring pig crop are marketed.

Total supplies of beef during the third quarter of this year are expected to exceed those of a year earlier. Production of beef in the last quarter of the year will depend largely on the number of cattle put on grain feed. If many cattle are put on feed, and cow slaughter continues low, the number slaughtered will be reduced and supplies of beef may be slightly smaller in the fourth quarter this year than last.

So far this year, the additional meat supply has come from an increased output of beef. This is the result of a large expansion in grain

feeding of cattle. Output of steer beef during the first four months of this year was the largest on record, and exceeded production a year earlier by approximately 19 percent. Because of the high proportion of steers and their heavy weights, the weights of all cattle slaughtered under Federal inspection this year have averaged the heaviest since 1920, according to the Bureau of Agricultural Economics.

Receipts of cattle at the Oklahoma City market during the first three months of this year were from 3 to 39 percent above the same periods last year. (Table II). With the exception of January, calf receipts were also above last year's levels during the first quarter of this year. Beginning in April, however, cattle and calf receipts at Oklahoma City during the second quarter of this year were below marketings a year ago. However, the influence of heavier marketings during the first quarter make total cattle receipts up to the middle of July only slightly below total marketings for the previous year. Calf receipts this year at Oklahoma City were 37 percent below last year's level.

Cattle and calf prices at Oklahoma City in July were from 15 to 22 percent below the July levels of 1948 (Table III). The better quality slaughter steers and calves suffered the greatest declines. Price drops for different grades of feeder-stocker steers and calves were

*Table II.—Prices Received by Farmers for Slaughter and Feeder-Stocker Steers and Calves at Oklahoma City, Week Ending July 8, 1949, With Comparisons.**

Item	Grade and Weight (lbs.)	Week Ending July 9 1948**	Week Ending July 8 1949	Percent change from 1948
		Dollars per cwt.		Percent
Slaughter				
Steers:	Gd. 700-900	----	24.50	------
	Med. 700-1100	27.50	21.38	—22
	Com. 700-1000	21.25	18.00	—15
Calves:	Gd. and Ch., 500 down	29.50	23.50	—20
	Com. and Med., 500 down	22.50	19.00	—16
	Cull, 500 down	16.50	14.00	—15
Feeder-Stocker				
Steers:	Gd., 500-800	25.25	20.63	—18
	Med., 500-1000	22.00	17.80	—19
	Com., 500-900	19.00	15.50	—18
Calves:	Gd. and Ch., 500 down	27.50	23.50	—15
	Med., 500 down	23.00	19.50	—15

* Compiled from *Daily Livestock Market Report*, Vol. XXXI, July 9, 1948 and *Weekly Livestock Market Reviews*, Vol. XXXII, July 8, 1949.

** For July 9 only.

*Table III.—Stock Yard Receipts of Salable Cattle and Calves at Oklahoma City for Selected Periods of 1949, With Comparisons.**

Period	1948		1949		Percent change from 1948	
	Cattle	Calves	Cattle	Calves	Cattle	Calves
	Number				Percent	
January	35,583	8,905	36,675	4,675	+ 3	−48
February	23,129	3,806	30,725	3,925	+33	+ 3
March	27,764	4,303	38,525	4,800	+39	+12
April	38,672	7,658	37,925	5,425	− 2	−29
May	42,452	9,141	22,275	3,150	−48	−66
June	45,073	8,970	36,600	4,250	−19	−53
1st 2 wks. July	17,523	3,593	19,975	3,050	+14	−15
Total	230,196	46,376	222,700	29,275	− 3	−37

* Compiled from *Weekly Livestock Market Reviews*, Vol. XXXII, Jan. 7, 1949-July 7, 1949, U.S.D.A., P.M.A., Livestock Branch, Oklahoma City, Okla.

about the same, ranging from 18 to 19 percent down for good and medium steers to 15 percent lower for good and medium calves.

On January 1, Oklahoma and Kansas pastures had more cattle and calves than a year earlier.* Despite this increase in inventory, the excellent pasture conditions and the reduced in-movement of cattle to go on pastures may delay marketings more than usual this year.

Further price declines are expected in late summer. Even though there may be other than seasonal influences forcing the price structure downward, a strengthening factor will be feeders buying in view of a big corn crop.—**Robert L. Tontz.**

Dairy

While total production of milk in the United States is running higher in 1949 than in 1948, the production in Oklahoma is less for the past six months of the year.

U. S. butter production in May 1949 was about 20 percent larger than for the same month in 1948. For Oklahoma, the 1949 production was 9 percent less and about 40 percent below the five-year average of 1943 to 1947.

Prices of manufactured dairy products have declined during the first half of 1949. Per capita consumption of manufactured products has increased, partly due to lower prices. The per capita use of whole milk and cream is averaging about as last year. The prices of fluid milk in twenty-four major cities are averaging about 3 percent below a year earlier.

*Osage-Blue Stem (Flint Hills) Pastures Report, June 1, 1949. U S. D. A.-B. A. E

The factors making for lower prices are: (1) larger over-all supply of milk,. (2) larger storage stocks, and (3) lower level of prices for vegetable oil.

The factors making for the present stable price levels are the government support prices for (1) butter of the higher grades, and (2) spray and roller powder. Government support of these products has resulted in the purchase of 9 million pounds of butter, 157 million pounds of non-fat dry milk of the spray process, and 95 million pounds of the roller type since the first of the year. These support prices also have had a buoyant effect upon producer prices for fluid milk and cream.

Some seasonal price rises are in the offing for support prices of butter and non-fat dry milk powder for September 1949. The combined effect of these rises will be fifteen cents per 100 pounds of milk.

The index of prices received for all dairy products in June 1949 was about one-fifth below the record of June and July in 1948.—**A. W. Jacob.**

Hogs

The spring pig crop in the United States is estimated to be 59,040,000. This represents an increase of 15 percent from last spring and is 9 percent larger than the 1938-47 average. The number of pigs saved per litter was 6.45 as compared to 6.44 last year. This was the second highest on record, exceeded only by the 6.46 saved in 1946. There was a slight reduction in the number saved in the Corn Belt States. Generally favorable weather conditions at farrowing time resulted in a substantial increase in all other regions.

Reports on breeding intentions indicate that the number of sows farrowing this fall will be around 5,832,000. This will be a 13 percent increase over 1948, and would result in the third largest number on record of sows farrowing in the fall. The main factors encouraging increased hog production are (1) the generally favorable outlook for the 1949 corn crop; (2) the large carryover of corn; (3) lower livestock numbers; (4) favorable hog-corn ratio; and (5) a continued strong demand for meat.

If the number of pigs per litter is equal to the 10-year average, and the intended number of sows farrow this fall, the 1949 pig crop will be about 37 million head. This would result in a combined pig crop for 1949 of 96 million head, which would be exceeded only by the totals of 1942 and 1943.

Although the fall pig crop last year was 8 percent larger than the previous year, there were 3 percent fewer hogs 6 months old and over

on farms on June 1. This indicates that the marketing rate of the fall pig crop has been faster than last year. The slaughter of hogs from the 1948 fall pig crop from June to September will be smaller. This may be offset, however, by marketings of the early farrowing 1949 spring pig crop.

The spring pig crop in Oklahoma was estimated at 662,000, which was a 14 percent increase over 1948. Breeding intentions indicate that 108,000 sows will farrow this fall in the state. This will be an increase of 11 percent over the 1948 fall farrowings but 10 percent less than the 1938-47 average. If the number of pigs saved is equal to the 10-year average and indicated fall farrowings materialize, the 1949 fall pig crop would be approximately 680,000, and a total 1949 pig crop for Oklahoma of 1,342,000.

P. H. Stephens, director of research for the Farm Credit Administration at Wichita,* points out that the large pig crop is not necessarily indicative of excessive pork supplies unless consumer income falls to the level of the early 1930's. The increased population in the United States has resulted only in a slight increase in the number of pigs saved per capita. The 25-year average (1924-1948) is .62 while the 1949 estimate is .64 pigs. On a per capita basis, the current pig crop is 10 percent above the average of recent years but only slightly above the long-time average. In view of the present purchasing power and the large number of consumers, a large surplus of pork and much lower pork prices are not anticipated in the near future.—**Howard S. Whitney.**

Poultry

Chickens and Eggs.—The Livestock and Crop Estimate Board reports hatchery production in Oklahoma for the period January-May to have been 20,820,000 chicks, or about 12 percent above the same period a year ago. The output of chicks for the United States for the January-May period was 1,086,255,000, which is 26 percent greater than last year. This is not to be interpreted as a 12 percent expected increase in layers on Oklahoma farms January 1, 1950, compared with January 1, 1949. A large part of this increase has been caused by the expansion in the commercial broiler industry. However, the number of chicks sexed during these months has exceeded last year's performance, and indications are that producers are planning on some expansion in the number of layers on farms this coming season as compared with the last.

Table IV is of interest in a study of commercial broiler production. This phase of the poultry industry is comparatively new. In 1934

*Farm Credit Conditions, Research Division, Farm Credit Administration, Wichita, Kansas, July 5, 1949.

Table IV.—Farm Production and Prices: All Chickens, Commercial Broilers, and Commercial Broilers as a Percentage of All Chickens, 1934-48.

Year	Production (liveweight)			Price per pound		
	All Chickens	Broilers	Broilers as a percentage of all chickens	All Chickens	Broilers	Broilers as a percentage of all chickens
	Mil. lb.	Mil. lb.	Percent	Cents	Cents	Percent
1934	2,718	97	4	11.3	19.3	170
1935	2,610	123	5	14.9	20.1	135
1936	2,719	152	6	15.8	20.7	131
1937	2,583	196	8	15.9	21.4	135
1938	2,515	240	10	15.4	19.0	123
1939	2,793	306	11	13.5	17.0	126
1940	2,856	414	14	13.2	17.3	131
1941	3,169	560	18	15.8	18.4	116
1942	3,683	674	18	19.0	22.9	121
1943	4,699	833	18	24.5	28.6	117
1944	4,408	790	18	24.0	28.7	120
1945	4,739	1,044	22	26.1	29.5	113
1946	4,088	829	20	28.0	32.6	116
1947	3,974	886	22	26.8	32.1	120
1948*	3,714	1,062	29	30.6	35.9	117

SOURCE: The Poultry Situation, P.E.S. 136, U.S.D.A., B.A.E., May-June 1949, p. 8.
* Preliminary.

commercial broiler production was 4 percent of all chicks produced and in 1948 was 29 percent. The price differential has always been to the advantage of broilers compared with all chickens, but the percent has decreased slightly. During the spring of 1949 broiler prices were lower several times than hen prices. Commercial broiler production has a seasonal pattern, but not to the extent that existed in the thirties. This enables a regular flow of products into the market which does not require storage facilities necessary to market the heavy movements of hens in the late summer and early fall. This characteristic of the broiler market gives a great amount of flexibility to the industry in that production can be contracted and expanded in relatively short periods. Other phases of the poultry industry, especially turkeys, have a distinct seasonal pattern of production and marketing. The June poultry situation report pointed out that the immediate period and the months just past were likely to be most favorable for culling and marketing of hens. The April and May prices for chickens reached new highs for these two months, and the April price of 28.1 cents probably set a new high for the year (Table VI). Marketing will continue heavier throughout the remainder of the year with the resultant seasonal decline in prices. Producers who delay marketing very late will find the market influenced by a large turkey crop and an increase in hogs being marketed as compared with the past season.

Total egg production has declined compared with 1948 due to the heavier marketing of hens, but the current rate of lay per hen continues to increase. This increased rate of lay has no doubt enabled many producers to continue production. Otherwise, they might have been forced to reduce operations, if not liquidate the enterprise on the farm. This explains in part why producers maintained the size of the poultry enterprise and even increased poultry numbers after 1948 when the egg-feed ratio was very narrow. (Table VIII). Feed prices have declined about 25 percent below last year, resulting in a very favorable egg-feed ratio in that egg prices have been pegged by the government price-support program at 90 percent of parity. (Table VII). This relationship may be expected to continue as long as feed supplies are adequate and support prices are maintained.

Turkeys.—Hatching of turkey poults in 1949 has exceeded the 1948 production by 70 percent up to May 1, and the number of turkey eggs in incubators on May 1 exceeds that of a year ago by 63 percent. It seems quite likely that turkey numbers may exceed by 60 to 70 percent the number produced in 1948. (It appears advisable to plan to market at lighter weights in order to take advantage of prices at the start of the market period.) The May 1 average price was 87.9 cents per poult, which is slightly more than earlier months of the year and slightly higher than the 86.0 cents which was the seasonal average for March-June, 1948. The Bureau of Agricultural Economics reports that "during the 1947 hatching season when poults were not considered scarce as in 1948, and when the preceding turkey crop had been sold at a moderate rather than a clearly favorable price, poults were much cheaper, averaging 67.1 cents." Producers are finding the price for turkey hens not as active as it was last season. These birds are selling at 28-30 cents, which is about 7 cents below last year, and it is likely that the support price will be the market price in 1949. Parity price for turkeys is calculated only for the months of September and December. Under present legislation, 60 to 90 percent of parity is the price-support range for 1949. Turkey prices averaged 114 percent of parity in 1948. Even at 90 percent of parity in 1949 the support price will be considerably below the 1948 prices.—**K. C. Davis.**

Sheep and Lambs

Since the June issue of **Current Farm Economics,** no change has occurred in the outlook on sheep and lambs. In general, the trend reported in June showed a decline in five of the sheep producing regions of the world, as compared to the estimated number of all sheep for 1949 with the 1936-40 average. The decline was comparatively sharp in North America and Europe. Two regions, Asia and South America, reported an increase.

TABLE V.—Egg Prices Received by Oklahoma Farmers, January 1942 to June 15, 1949.
(Cents per dozen)

Year	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	30.2	24.8	25.0	24.4	25.7	27.0	27.0	27.5	29.4	31.4	33.2	34.7	28.4
1943	35.4	33.3	32.9	32.4	32.9	33.3	32.6	32.6	34.3	37.5	39.0	39.6	34.6
1944	32.4	31.6	29.7	26.0	26.7	27.0	28.0	28.5	29.9	32.6	38.6	41.1	31.0
1945	37.5	31.2	30.7	30.8	30.5	31.1	32.3	33.5	30.0	35.0	44.7	45.5	34.4
1946	37.5	29.4	30.1	29.7	30.0	30.0	32.0	32.0	40.0	44.0	41.0	43.0	34.9
1947	38.1	35.1	36.0	37.5	36.5	36.7	38.3	37.4	43.6	47.8	47.7	57.6	41.0
1948	44.3	39.7	38.3	38.3	35.4	36.4	37.0	38.0	41.7	46.0	52.0	53.0	41.6
1949	43.0	40.5	37.9	38.3	38.4	36.7							

SOURCE: "Prices Received by Farmers," Mid-Monthly Release, Agricultural Statistics Division, B.A.E., U.S.D.A., Oklahoma City, Oklahoma.

TABLE VI.—Chicken Prices Received by Oklahoma Farmers, January 1942 to June 15, 1949.
(Cents per pound)

Year	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	14.8	15.3	15.8	16.1	16.8	16.8	15.9	16.7	17.9	17.8	17.2	17.7	16.6
1943	19.0	19.8	20.7	22.1	22.1	22.6	22.3	21.7	22.0	22.3	22.5	21.9	21.6
1944	21.9	22.2	22.2	21.4	21.5	21.8	21.8	21.4	22.0	21.4	21.4	22.1	21.8
1945	21.8	22.1	22.5	23.2	24.0	24.7	24.9	25.8	22.8	21.8	20.9	21.4	23.0
1946	21.6	21.6	21.7	22.4	23.5	23.4	25.5	23.4	24.0	27.0	21.9	22.4	23.2
1947	22.4	21.2	23.0	23.8	23.5	22.2	22.0	22.0	22.5	23.4	22.1	21.6	22.5
1948	22.2	22.4	23.0	24.0	24.0	26.0	28.2	25.7	27.0	26.4	25.8	28.0	25.9
1949	27.0	27.0	26.0	28.1	24.8	21.6							

SOURCE: "Prices Received by Farmers," Mid-Monthly Release, Agricultural Statistics Division, B.A.E., U.S.D.A., Oklahoma City, Oklahoma.

TABLE VII.—Poultry Ration Cost Per 100 Pounds, to Oklahoma Farmers, January 1942 to June 15, 1949.

(Dollars)

Year	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	2.01	2.07	2.13	2.12	2.11	2.11	2.10	2.17	2.16	2.14	2.16	2.20	2.12
1943	2.37	2.39	2.45	2.53	2.60	2.63	2.71	2.77	2.75	2.77	2.82	2.86	2.64
1944	2.91	2.92	2.92	2.95	2.96	2.91	2.88	2.87	2.78	2.71	2.71	2.69	2.85
1945	2.72	2.73	2.76	2.79	2.78	2.80	2.84	2.86	2.85	2.89	2.91	2.94	2.82
1946	2.96	3.02	3.10	3.11	3.35	3.49	3.84	3.81	3.63	3.58	3.63	3.47	3.42
1947	3.39	3.42	3.77	3.85	3.85	3.81	3.94	4.08	4.35	4.42	4.53	4.76	4.01
1948	4.92	4.36	4.47	4.56	4.48	4.34	4.17	3.77	3.51	3.43	3.45	3.53	4.08
1949	3.52	3.41	3.45	3.52	3.45	3.29							

*TABLE VIII.—Egg-Feed Price Ratios, Oklahoma**

(Pounds of Poultry ration** equal in value to one dozen eggs)

Year	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	10.0	12.0	11.7	11.5	12.2	12.8	12.9	12.7	13.6	14.7	15.4	15.8	12.9
1943	14.9	13.9	13.4	12.8	12.7	12.7	12.0	11.8	12.5	13.5	13.8	13.8	13.2
1944	11.1	10.8	10.2	8.8	9.0	9.3	9.7	9.9	10.8	12.0	14.2	15.3	10.9
1945	13.8	11.4	11.1	11.0	11.0	11.1	11.4	11.7	10.5	12.1	15.4	15.5	12.2
1946	12.7	9.7	9.7	9.5	9.0	8.6	8.3	8.4	11.0	12.3	11.3	12.4	10.2
1947	11.2	10.3	9.5	9.7	9.5	9.6	9.7	9.2	10.0	10.8	10.5	12.1	10.2
1948	9.0	9.1	8.6	8.4	7.9	8.4	8.9	10.1	11.9	13.4	15.1	15.0	10.0
1949	12.2	11.9	11.0	10.9	11.1	11.2							

SOURCE: "Prices Received by Farmers," Mid-Monthly Release, Agricultural Statistics Division, B.A.E., U.S.D.A., Oklahoma City, Oklahoma.

* These ratios are not indicative of and must never be interpreted as "cost of production." They include only cost of feed, and all other costs of production are in addition.

** Poultry feed ration: percentages of specified feeds include commercial mash, 32.7 percent; home mixed mash, 11.2; commercial scratch, 4.0; corn, 14.0; wheat, 16.3; oats, 9.9; barley, 1.3; sorghum grain, 10.6 percent. Individual producers' ration cost may be more or less than the above stated costs as estimated by the Bureau of Agricultural Economics. In case poultry-ration cost and egg prices for producers in any community differ from those shown in Table VII and Table V, respectively, the actual ratios can be calculated by dividing egg prices per dozen by actual feed cost per pound.

Prices Received by Farmers, Price Indexes, and Indexes of Purchasing Power of Oklahoma Farm Products

(1910-1914=100)

	Prices				Price Indexes				Purchasing Power Indexes[1]			
	1948	1949			1948	1949			1948	1949		
	June	Apr.	May	June	June	Apr.	May	June	June	Apr.	May	June
	(Dollars)				(Percent)				(Percent)			
Grain					249	228	222	197	94	88	86	77
Wheat (bu.)	2.02	2.03	1.98	1.72	235	236	230	220	88	91	89	78
Corn (bu.)	2.12	1.35	1.33	1.33	326	208	205	205	123	81	80	80
Oats (bu.)	1.03	.83	.78	.63	229	184	173	140	86	71	67	54
Barley (bu.)	1.48	1.19	1.14	.94	251	202	194	159	94	78	75	62
Rye (bu.)	1.80	1.20	1.20	1.00	210	140	140	116	79	54	54	45
Grain Sorghums (bu.)	1.96	1.23	1.20	1.20	288	181	178	176	108	70	68	68
Cotton and Cottonseed					307	264	262	260	115	102	102	101
Cottonlint (lb.)	.325	.295	.295	.295	288	261	261	261	108	101	102	102
Cottonseed (ton)	93.00	56.00	53.00	50.00	475	286	271	256	179	111	105	100
Miscellaneous Crops					166	171	153	144	62	66	60	56
Potatoes, white (bu.)	1.80	1.90	2.00	1.85	162	171	180	167	61	66	70	65
Potatoes, sweet (bu.)	2.60	2.70	2.50	2.25	211	220	203	183	79	85	79	71
Hay, all loose (ton)	13.60	13.70	10.80	10.60	154	155	122	120	58	60	47	47
Total Crops					282	248	244	234	106	96	95	91
Meat Animals					427	374	375	369	161	145	146	144
Cattle (cwt.)	22.50	22.20	20.50	19.70	466	418	424	408	175	162	165	159
Calves (cwt.)	25.80	23.00	22.90	22.50	432	385	384	377	162	149	149	147
Sheep (cwt.)	10.40	10.70	10.50	10.00	224	232	227	216	84	90	88	84
Lambs (cwt.)	25.70	27.00	26.50	25.30	441	463	455	434	166	179	177	169
Hogs (cwt.)	23.30	18.50	17.80	19.20	331	263	253	273	124	102	98	106

Prices and Indexes, (Cont'd)

	Prices				Price Indexes				Purchasing Power Indexes[1]			
	1948	1949			1948	1949			1948	1949		
	June	Apr.	May	June	June	Apr.	May	June	June	Apr.	May	June
	(Dollars)				(Percent)				(Percent)			
Dairy Products					289	237	232	220	109	92	90	86
Milk, wholsale (cwt.)	4.40	4.00	4.00	3.85	228	207	207	199	86	80	81	77
Butter (lb.)	.76	.64	.64	.61	339	286	286	272	127	112	111	111
Butterfat (lb.)	.73	.57	.55	.52	312	244	235	222	117	95	91	86
Chickens and Eggs					224	238	229	213	84	92	89	83
Chickens (lb.)	.260	.281	.248	.216	277	299	264	230	104	116	103	89
Eggs (doz.)	.364	.383	.384	.367	205	215	216	206	77	83	84	80
Total livestock and Livestock Products					360	321	318	309	135	124	124	120
All Commodities					306	270	267	257	115	105	104	100

SOURCE: Compiled by Dept. Agri Econ., Oklahoma A. & M. College, from data supplied by Bureau of Agricultural Economics, U.S.D.A., Oklahoma City, Oklahoma, and Washington, D. C.

Previous years, see Oklahoma Agri. Exp. Sta. Bull. 238, *Oklahoma Farm Price Statistics, and Current Farm Economics*, Okla. Exp. Sta. Series 49, Vol. 13, Nos. 1 and 2, Feb.-Apr, 1940. Tables 16-19, and subsequent issues.

[1] The ratio of prices received by farmers to prices paid by farmers for commodities used in living and production.

——Marguerite Jones.

Price Indexes in the United States and Oklahoma and Indicators of Changes in Domestic Demand.

Year and Month	PRICE INDEXES Average 1910-14=100				INDICATORS OF CHANGES IN DOMESTIC DEMAND		
	Index of Prices Received by Farmers		Index of Prices Paid by Farmers United States	All-Commodity Index of Wholesale Prices United States	Oklahoma Hog-Corn Price Ratio[2]	Index of Demand Deposits Oklahoma[3]	Index of Factory Payrolls United States[4]
	Oklahoma[1]	United States				Av.1923-25 =100	Av. 1935-39 =100
1910	108	102	98	103	14.43		
1911	98	95	101	95	9.17		
1912	96	100	100	101	11.15		
1913	101	101	101	102	11.21		
1914	97	101	100	99	10.55		
1915	100	98	105	102	10.48		
1916	125	118	124	125	10.61		
1917	193	175	149	172	9.52		
1918	226	202	176	192	9.20		
1919	236	213	202	202	11.14		106.2
1920	221	211	201	225	12.55		127.1
1921	109	125	152	142	17.95		82.0
1922	130	132	149	141	13.39		88.0
1923	161	142	152	147	7.44	97.0[5]	111.6
1924	165	143	152	143	7.26	95.8	104.1
1925	164	156	157	151	11.05	106.5	109.7
1926	134	145	155	146	16.44	102.0	113.1
1927	134	139	153	139	14.54	100.5	111.0
1928	151	149	155	141	10.72	100.3	112.3
1929	145	146	153	139	10.65	92.3	119.8
1930	112	126	145	126	11.04	77.4	96.9
1940	92	98	123	114	8.61	92.0[6]	114.5
1941	117	122	130	127	13.77	86.6	167.5
1942	152	157	152	144	14.35	107.4	213.3
1943	172	188	167	150	11.69	162.3	316.0
1944	181	195	176	152	10.56	215.9	320.4
1945	184	202	181	154	11.95	285.3	275.9
1946	226	233	203	177[7]	11.56	335.3	260.6
1947	286	278	246	222[7]	13.34	348.5	323.8
1948	293	287	264	241	12.69	353.3	451.9
1949 Feb.	262[7]	258[7]	257[7]	231	14.54	348.5	357.9
March	266[7]	261[7]	258[7]	231	15.00	347.2[7]	349.7
April	270[7]	260[7]	258[7]	229	13.70	343.1[7]	336.5
May	267	256	257	228	13.38	337.3	----
June	266	252	257	224	14.44	336.7[8]	----

SOURCES: Indexes of Oklahoma prices received by farmers, computed by Dept. Agri. Econ., Okla. Agri. Exp. Sta., Stillwater, Oklahoma. Indexes of U. S. prices received and prices paid by farmers and indexes of U. S. wholesale prices, from *Agricultural Prices*, Bur. of Agri. Econ., U. S. D. A., Washington, D. C. Indexes of demand deposits in Oklahoma, calculated by Dept. Agri. Econ., Okla. Agri. Exp. Sta., from data furnished by Federal Reserve Board, Washington, D. C. Indexes of factory payrolls, from U. S. Department of Labor, Bureau of Labor Statistics, Washington, D. C.

[1] Prices received by Oklahoma farmers for 25 commodities. Revised, 1910-1939, in January, 1940.

[2] These figures indicate the number of bushels of corn that could be purchased with 100 pounds of live hogs at current Oklahoma prices received by farmers.

[3] Demand deposits of Oklahoma member banks of the Federal Reserve System located in places under 15,000 population.

[4] Unadjusted for seasonal variation.

[5] Nine months only. Not available prior to April 1923.

[6] Index numbers based on net demand deposits prior to 1936 and upon gross demand deposits since that date. For a discussion of this index see CURRENT FARM ECONOMICS, Oklahoma Agricultural Experiment Station Series 49, Vol. 13, Nos. 1 and 2. Feb.-Apr. 1940. p. 41.

[7] Revised.

[8] First half of June only.

—*Marguerite Jones.*